

## Message Text

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14

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 L-03 CIAE-00 INR-09 NSAE-00

RSC-01 COME-00 TRSE-00 INT-08 STR-08 JUSE-00 OMB-01

H-02 SS-14 NSC-10 RSR-01 /080 W

----- 040570

R 280855 Z MAR 73

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 8194

INFO AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

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E. O. 11652: N/A

TAGS: ETRD, EX, XE

SUBJECT: HARDWOOD EXPORTS TO US

REF: STATE 042089

1. EMBASSY OFFICER CALLED ON C. L. LIN, SECRETARY, TAIWAN PLYWOOD MANUFACTURERS AND EXPORTERS ASSOCIATION (TPMEA) ON MARCH 27. DURING CONVERSATION, LIN ACKNOWLEDGED FOLLOWING POINTS:

2. ON FEBRUARY 8, 1973 TPMEA HELD GENERAL MEETING DURING WHICH ASSOCIATION "RESOLVED" TO TAKE "CONCERTED ACTION" TO RAISE PRICES ON PREVIOUSLY NEGOTIATED CONTACTS BY 48 PERCENT. THIS DECISION, DECIDED ON BY MAJORITY OF 25 MEMBERS PRESENT, SUBSEQUENTLY WAS DISTRIBUTED IN WRITTEN FORM TO ALL 43 MEMBERS OF TPMEA.

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3. SHORTLY THEREAFTER TPMEA RECEIVED A CABLE FROM THE US HARDWOOD ASSOCIATION "DEPLORING" THIS UNUSUAL ACTION

TAKEN BY THE TAIWAN ASSOCIATION IN CONTRAST TO THE KOREAN, SINGAPORE AND KOREAN ASSOCIATIONS, NONE OF WHICH TOOK THIS OFFICIAL POSITION.

4. TPMEA THEN REPLIED TO THE US ASSOCIATION THAT WHILE IT DID "RECOMMEND" THE 48 PERCENT PRICE INCREASE, THE ASSOCIATION LEFT IT UP TO EACH INDIVIDUAL MEMBER TO NEGOTIATE REVISED PRICES.

5. THERE HAS BEEN NO SUBSEQUENT CORRESPONDENCE WITH THE US ASSOCIATION AND NO RECENT MEETING OF TPMEA.

6. SECRETARY LIN REALIZES THAT ASSOCIATION ACTED TOO HASTILY WITHOUT CONSIDERATION OF POSSIBLE CONSEQUENCES, I. E. , US ASSOCIATION MIGHT VOTE TO TAKE SIMILAR CONCERTED ACTION AGAINST TAIWAN SUPPLIERS. HE STATED HE WILL RECOMMEND TO PRESIDENT OF TPMEA THAT AN EMERGENCY SESSION BE HELD ASAP TO REVOKE THE FEBRUARY 8 DECISION.

7. IF THIS POSITION CARRIES, THEN TPMEA PLANS SEND CABLE TO US ASSOCIATION INFORMING THEM OF ACTION TAKEN. WILL KEEP DEPT INFORMED OF DEVELOPMENTS.

8. ALLEGATIONS THAT FUSHING, LIN SHAN HAO, AND MOI FAT HAVE RAISED PRICES PROBABLY ACCURATE. EMBASSY WILL ENDEAVOR CONFIRM AND WILL REPORT FINDINGS ASAP.

9. SECRETARY LIN SAID VERY DIFFICULT ESTIMATE LONG TERM TRENDS OF LOG AND PLYWOOD PRICES SINCE SUPPLY AND DEMAND SO VARIABLE. HE HAD HEARD THAT IN PAST SEVERAL DAYS PRICES OF LOGS SOLD TO JAPAN WERE BEGINNING TO DROP SLIGHTLY.

10. THERE IS NO IMPEDIMENT TO US FIRMS HIRING LOCAL LAW FIRM REPRESENT THEM IF WISH TO TAKE TAIWANESE FIRM TO COURT. HOWEVER, SUCH PROCEDURE, AS MOST US FIRMS UNDOUBTEDLY AWARE, IS LONG AND COSTLY. LIN SAID THAT CHINESE FIRMS PROBABLY WOULD NOT ATTEMPT TO HOLD THEIR SUPPLIERS TO THEIR CONTRACTS AS THEY ARE AFRAID OF JEOPARDIZING THEIR STEADY SUPPLY AND SO ARE WILLING TO LIMITED OFFICIAL USE

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TOLERATE HIGHER PRICES. BUT HE ADDED THAT AT SAME TIME SOME LOCAL FIRMS, IF THEY DO NOT HIKE PRICES OF PLYWOOD, PROBABLY WOULD BE FORCED OUT OF BUSINESS.

1 1. LIN SAID GRC HAS PLAYED NO ROLE IN THOSE DEVELOPMENTS. MCCONAUGHY

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**Disposition Date:** 28 MAY 2004  
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**Subject:** HARDWOOD EXPORTS TO US  
**TAGS:** ETRD, EX, XE  
**To:** STATE INFO HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
SEOUL  
SINGAPORE  
TOKYO

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